



Line of Credit (LOC)

Rapid Finance - providing capital, resources, stability and experience for all your business needs



Eligibility Criteria & Submission Document Requirements

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|------------------|-----------|
| Available terms: | 12 Months |
| Minimum FICO: | 600 |
| Minimum TIB: | 2 Years |

Submission Documents Required:

Completed application, last three months of business bank statements, photo ID, and voided business check

Payment Frequency And Terms

This is a weekly payment and the default payment day is Monday. The client can choose to change the payment day.

Product Limitations

Add-Ons and Splits are prohibited.

No payoffs are allowed and up to two open Competitor Loan/MCA positions are allowed (unless exempted for our Loan and MCA products). Competitor Lines of Credit and Invoice Factoring with total combined balances of \$55,000 or less are allowed to stay in place.

The minimum credit limit that can be provided is **\$5,001**, and also follows the state-level lending requirements for loans.

On the other hand, the maximum credit limit that can be granted is **\$100,000**.

The minimum draw amount is \$1,000





Documents And Fees

LOC has its own documents: **The LOC Agreement and ACH Authorization.** *A change in the draw amount alone will not regenerate a new contract.

There are two Main Fees

1. **4% Draw fee** is assessed on the amount drawn each time a draw is made on the account.
 2. **Balance fee** is assessed weekly based on the average daily balance owed during that week. The balance fee is charged on the scheduled payment day.
- **Monthly Account Maintenance Fee** - Set at \$0
 - **Annual Account Maintenance Fee** - Set at \$0
 - **Other Fees** will be the same as existing loan products.

Balance Fee

How it's charged: it's charged on every weekly payment date and accrues daily.

Meaning, on any given day including weekends! (Remember it's like a Credit card). The cost of the line of credit is the average unpaid balance at exactly 11:59pm each day multiplied by the balance fee.

So, the balance fee accrues daily and is charged weekly (Because the client repays with weekly payments)

Payments And Draws

Payment Amount

The payment is calculated by taking the sum of all balances and fees and dividing it by the term, in days* then multiplying it by seven (7) which is the number of days a LOC's weekly payment!

The LOC term days are a bit different than a loan.

- 12-month term: 364 days.

The Term for purposes of determining the Payment Amount will start on the date of the most recent funded/draw date. The term is reset and payment amount updated on every draw based on the new amount owed.

If a Payment Amount is not paid on the applicable Payment Day or if the amount paid on a Payment Day is different than the Payment Amount, the Term will be longer or shorter (depending on whether it is an underpayment or overpayment).



Draws

The first draw will be required at account opening and this will be carried out similar to a weekly loan. The client has the option to choose whether to take the entire line or just a portion of it.

The minimum draw amount throughout the term is set to \$1,000.

When a LOC is opened for the first time: The first payment will wait one full week (at least seven calendar days from the initial funding before being ACH'd their first payment). All succeeding collections and any change to the scheduled payment day will work just like a weekly loan.

For example, if a client is funded on Thursday, December 3rd and select their payments to come out every Wednesday, their first payment would not be due until December 16th. Why? Because one full calendar week has to pass before the first payment can be made.

For each subsequent draw, the payment term resets. The maximum draw amount that a customer can draw at any given time is the credit limit minus the cleared 'principal' balance and unposted draws.

Partner Commissions

4% commission on initial and subsequent draws

First draw: Initial Commission

Subsequent draws: Residual Commission

Renewals

A client can renew in to an LOC from a non-LOC product provided they have paid down the existing product by at least 50%.

If an LOC client wants to renew into a non-LOC product, the LOC balance must be paid down to 50% of the balance owed as of the last draw. A client can apply for updated LOC terms, such as a higher Credit Limit, where the status of the business has changed, provided the existing LOC is at least two months old. If there is an existing balance carried over to the new LOC, the Draw Fee will be waived.

*A Line of Credit does not require a 50% pay down but needs at least seven days since funding to renew

